

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

UNCLAS STATE 270352

E.O. 11652: N/A

TAGS: PFOR, IN, US

SUBJECT:GOI PESTICIDE REQUIREMENTS

REF: (A) STATE 254227; (B) NEW DELHI 15615

1. UNION CARBIDE HAS INFORMED THE DEPARTMENT THAT, FOLLOWING CAREFUL AND HIGH-LEVEL REVIEW OF GOI REQUEST FOR ADDITIONAL SUPPLY OF SEVIN PESTICIDE, COMPANY HAS CON-
CULDED THAT UNFORTUNATELY IT IS UNABLE AT THIS TIME TO INCREASE AMOUNT OVER THAT (8.8 MILLION POUNDS) WHICH IT HAS ALREADY COMMITTED FOR SHIPMENT TO INDIA IN 1975.

2. COMPANY NOTED THAT DECISION SHOULD BE VIEWED IN LIGHT OF FACT THAT ITS SHIPMENTS OF SEVIN TO INDIA HAVE INCREASED SUBSTANTIALLY IN RECENT YEARS. UNION CARBIDE CITED FOLLOWING DATA ON SHIPMENTS (IN MILLIONS OF POUNDS):

1970 1971 1972 1973 1974(EST.)

0 1.2 2.1 4.7 8.8

3. FOLLOWING IS EXCERPT FROM LETTER TO DEPARTMENT FROM UNION CARBIDE DETAILING ITS DECISION:

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"DESPITE THE FACT THAT WE WERE SOLD OUT AND PRODUCTION CAPACITY WAS NOT INCREASED APPRECIABLY, OUR 1974 COMMITMENT TO INDIA WAS INCREASED 87 PERCENT OVER THE 1973 SHIPMENTS. FURTHERMORE, EVEN THOUGH RAW MATERIAL SHORTAGES AND PLANT DELAYS FORCED US TO REDUCE OVERALL SHIPMENTS TO CUSTOMERS BY 12 PERCENT IN 1974 WE DID NOT APPLY THIS REDUCTION TO OUR SHIPMENTS TO INDIA.

"WE HAVE UNDERWAY A NUMBER OF PROGRAMS TO INCREASE OUR PRODUCTION OF SEVIN, BUT THEY WILL NOT HAVE A SIGNIFICANT EFFECT ON OUR TOTAL OUTPUT IN 1975. ALTHOUGH WE DO NOT EXPECT TO MEET THE TOTAL DEMAND FOR SEVIN IN 1975, WE HAVE COMMITTED ANOTHER 8.8 MILLION POUNDS FOR SHIPMENT TO INDIA. ANY INCREASE IN THIS AMOUNT COULD ONLY BE ACHIEVED AT THE EXPENSE OF REDUCING OUR SHIPMENTS TO OTHER CUSTOMERS IN THE U.S. AND ELSEWHERE IN THE WORLD AND WOULD BE AT THE EXPENSE OF LONG-STANDING RELATIONSHIPS IN OTHER IMPORTANT FOOD PRODUCTION AREAS.

"WORK CURRENTLY IN PROGRESS WILL INCREASE OUR DOMESTIC PRODUCTION OF SEVIN BY 50 PERCENT BUT THIS WILL NOT BE ON-STREAM UNTIL 1977. ALSO, UNION CARBIDE INDIA IS CURRENTLY BUILDING AN ELEVEN MILLION POUND SEVIN INSECTICIDE PLANT. ENGINEERING AND RESEARCH PERSONNEL OF UNION CARBIDE IN THE USA HAVE BEEN ASSIGNED TO THIS PROJECT ON THE HIGHEST PRIORITY BASIS IN AN ATTEMPT TO START-UP IN JANUARY, 1977."

4. IN SUBSEQUENT CONVERSATION, COMPANY OFFICIAL ASSURED US THAT UNION CARBIDE HAS BEEN CLEARLY ALERTED TO INDIA'S URGENT NEED FOR ADDITIONAL SUPPLIES OF SEVIN. HE SAID THAT IN EVENT SUPPLY OR DEMAND SITUATION SHOULD CHANGE IN COMING MONTHS, IT MIGHT BE POSSIBLE TO INCREASE SUPPLY FOR INDIA, BUT THERE WAS NO WAY THIS COULD BE PROMISED. OFFICIAL NOTED THAT UNION CARBIDE HAS MANY INTERESTS IN INDIA, INCLUDING SHRIMP FISHING ENTERPRISE, CHEMICAL AND BATTERY PLANTS, AND NEW BLUE JEAN MANUFACTURING FACILITY, AND THEREFORE WOULD PARTICULARLY LIKE TO BE AS HELPFUL AS POSSIBLE. INGERSOLL

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